

United States Senate

WASHINGTON, DC 20510-2309

March 23, 2011

The Honorable Tom Harkin
Chairman
Senate Committee on Health, Education,
Labor, and Pensions
Washington, DC 20510

The Honorable Mike Enzi
Ranking Member
Senate Committee on Health, Education,
Labor, and Pensions
Washington, DC 20510

The Honorable Max Baucus
Chairman
Senate Finance Committee
Washington, DC 20510

The Honorable Orrin Hatch
Ranking Member
Senate Finance Committee
Washington, DC 20510

Dear Chairmen and Ranking Members:

It has come to my attention that there are ongoing efforts to undermine the medical loss ratio (MLR) provision in the Affordable Care Act. The MLR provision requires health insurance companies to spend 80 to 85 percent of consumers' premium dollars on actual health care costs, as opposed to wasteful administration costs, marketing, CEO compensation, and profits. Should a company exceed these thresholds, the law requires it to provide its customers with a rebate to ensure that they are getting the best value for their health care dollars.

During the health reform debate, I fought for the MLR provision because of its cost containment potential, and according to Steve Larson, Deputy Administrator and Director of the Center for Consumer Information and Insurance Oversight, the MLR provision is already saving American families' money. At the March 17, 2011, HELP Committee hearing, Mr. Larson noted evidence that insurance companies are already moderating premium increases to comply with the new MLR requirements.

This important new safeguard provides much needed relief for American families who have been struggling with unsustainable increases in their insurance premiums in recent years. I'm gravely concerned that a bill recently introduced in the House of Representatives would undermine the integrity of the MLR provision by allowing money that should be spent on health care costs to be spent on commissions for insurance agents and brokers. While insurance agents and brokers provide a valuable service, their commissions should be accommodated in the 15 to 20 percent of premiums allowed for administrative spending under the MLR provision. American families should not have to shoulder those fees through further increases to their health insurance premiums.

Such legislation could jeopardize one of the best cost containment provisions passed by Congress. I hope you will join me in protecting American families from unsustainable increases in their health insurance premiums by opposing any similar legislation coming before your committees.

Sincerely,



Al Franken
United States Senator